

Message Text

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ACTION COME-00

INFO OCT-01 NEA-06 ISO-00 EB-05 RSC-01 DRC-01 /014 W

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 5997

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E.O. 11652: GDS

TAGS: BEXP, SA, US

SUBJECT: U.S. FIRM LOW BIDDER ON AIRPORT CONTRACT

1. BIDS FOR NEW AIRPORT CONTRACT WERE OPENED TODAY. BROWN AND ROOT WITH BID OF \$291 MILLION WAS LOW. SECOND LOWEST WAS THE GERMAN "HOCHTIEF" AT 299 MILLION; OTHER BIDDERS IN ASCENDING ORDER OF BIDS WERE THE GERMAN "PHILIPPS HOLZMANN," THE ITALIAN "ARABIAN AIRWORKS," "VIANINI" AND "CONDOTTE DE ACQUA," THE HIGH BIDDER AT \$539 MILLION.

2. BROWN AND ROOT VICE PRESIDENT HISE SAID THAT SAUDIS (DID NOT IDENTIFY) WERE DELIGHTED THAT HIS BID WAS LOW AND HE (HISE) WAS CONFIDENT THAT COMPANY WILL GET THE BID. HOWEVER IT IS STILL NOT ABSOLUTELY CERTAIN. NONE OF THE BIDDERS ADHERED STRICTLY TO THE GUIDELINES SO THE BIDS ARE NOT PRECISELY COMPARABLE. HE SAID HIS COMPANY'S BID INCLUDED SEVERAL CHANGES WHICH HE THOUGHT WOULD BE ACCEPTABLE TO THE SAUDIS.

3. MR. HISE SAID THAT IN ADDITION TO BEING THE LOW BIDDER, BROWN AND ROOT WOULD FINISH THE JOB IN THREE YEARS RATHER THAN THE FOUR YEARS CALLED FOR BY THE SAUDIS. THERE WOULD BE ABOUT 60 AMERICAN FAMILIES INVOLVED.

4. HE SAID THE SAUDIS HAD ALREADY SPOKEN TO HIM ABOUT
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A NUMBER OF OTHER CONSTRUCTION PRGJECTS IN THE KINGDOM

AND HE WAS SURE THAT WINNING THE AIRPORT CONTRACT WOULD
ENABLE BROWN AND ROOT TO COMPETE MORE SUCCESSFULLY ON
THE OTHERS.

5. THE FINAL SAUDI DECISION WILL NOT BE TAKEN FOR
ANOTHER TWO OR THREE WEEKS (IT COULD THEORETICALLY
BE AS LONG AS THREE MONTHS) AND THE SAUDIS INDICATED
TO MR. HISE THAT THEY WERE CONFIDENT THE POLITICAL
PROBLEMS BETWEEN THE TWO COUNTRIES (APPARENTLY THEY
MEANT THE OIL BOYCOTT) WOULD BE SETTLED BY THAT TIME.
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